

RESOLUTION NO. RES 2016-11-08

RESOLUTION OF THE BROOKHAVEN CITY COUNCIL REVISING THE
INVESTMENT POLICY

WHEREAS: The City of Brookhaven, Georgia (hereinafter, the “City”) was duly incorporated on December 17, 2012; and

WHEREAS: A financial management policy is critical for developing and ensuring sound investment practices and preserving the integrity of city capital; and

WHEREAS: maintaining the security and fidelity of tax payer monies and current investment accounts is of paramount importance; and

WHEREAS: the centralization of authority in regards to investment strategy decisions is necessary in order to promote efficiency and adaptability to the dynamic financial markets.

NOW THEREFORE BE IT RESOLVED, that the attached Policy of the City of Brookhaven (Exhibit A) be established as the official financial management policy for operating budget practices.

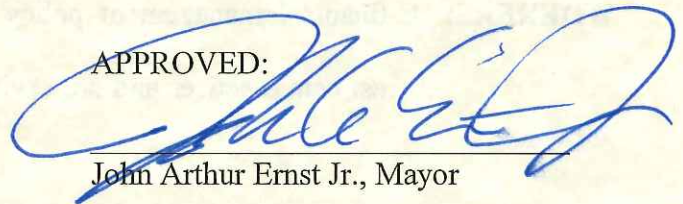
**CITY OF BROOKHAVEN
COUNTY OF DEKALB, STATE OF GEORGIA**

RES 2016-11-08

This Resolution shall be effective immediately upon its adoption.

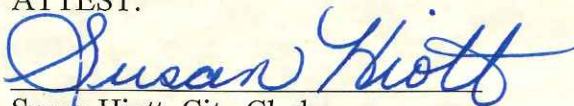
SO RESOLVED AND EFFECTIVE, this the 9th day of November, 2016.

APPROVED:



John Arthur Ernst Jr., Mayor

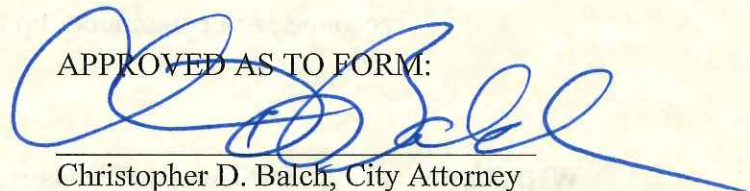
ATTEST:



Susan Hiott, City Clerk

[C]

APPROVED AS TO FORM:



Christopher D. Balch, City Attorney



EXHIBIT A

City of Brookhaven

Date of Issue: November 9, 2016

Resolution RES 2016-11=08

Effective Date: November 9, 2016

Subject: **Investment Policy**

Revised Date: _____

Approved: _____

Resolution _____

Mayor – City of Brookhaven

PURPOSE.

This investment policy applies to all funds under the City of Brookhaven's control.

OBJECTIVES

The following investment objectives shall be met with this policy:

- a. Safety – Preservation of principal shall always be the foremost objective in any investment transaction involving City funds. Those investing funds on the City's behalf must first ensure that capital losses are avoided by limiting credit and interest rate risk. Credit risk is the risk of loss due to the failure of the security issues or backer. Interest rate risk is the risk that market value portfolios will fall due to an increase in general interest rates.
- b. Liquidity – The second objective shall be the maintenance of sufficient liquidity within

the investment portfolio. The City's investment portfolio shall be structured such that securities mature at the time when cash is needed to meet anticipated demands. Additionally, since all possible cash demands cannot be anticipated, the portfolio should maintain some securities with active secondary or resale markets.

- c. Return on Investment – The third objective shall be the realization of competitive investment rates, relative to the risk being assumed. However, yield on the City's investment portfolio is of secondary importance compared to the safety and liquidity objectives described above.

DELEGATION OF AUTHORITY

The overall management of the investment program is the responsibility of the Chief Financial Officer. Responsibility for the daily investment activities is assigned to the City's Finance Director. Responsibilities to fulfill this authority include: opening accounts with banks, brokers and dealers; arranging for safekeeping of securities and executing necessary documents. A system of internal controls over investments is reviewed by the City's independent auditors. The controls are designed to prevent losses of public funds arising from fraud, error, misrepresentation by third parties, unanticipated changes in financial markets, and/or imprudent action by staff and City officials.

AUTHORIZED INVESTMENTS

All investment activity is required to be in compliance with Chapter 83 of Title 36 of the Official Code of Georgia, which establishes guidelines for local government investment procedures. The City of Brookhaven may invest funds subject to its control and jurisdiction

in only such investment instruments permitted by State of Georgia law for local governments, including the following:

- a. Certificates of Deposit (CDs) issued by banks insured by the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of FDIC coverage must be collateralized by securities with a market value equal to at least 110% of the deposit. Only those securities described in Georgia Code 50-17-59 can be pledged as collateral;
- b. Obligations issues by the United States government;
- c. Obligations fully insured or guaranteed by the United States government or a United States government agency;
- d. Obligation of the State of Georgia or of other states;
- e. Obligation of other political subdivision of the State of Georgia;
- f. Georgia Fund 1, the local government investment pool of the State of Georgia managed by the State Treasurer. (Formerly known as the "LGIP")

PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Under the "prudent person" standard, investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probably safety of their capital as well as the probable revenue to be gained. The Chief Financial Officer and all designees acting in accordance with 1) written procedures, 2) this investment policy, and 3) exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided

deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse development,

MATURITIES

To achieve the aforementioned objective of adequate liquidity within the City's portfolio, the City shall attempt to match investment maturities with anticipated cash flow requirements. Unless matched to a specific cash flow, the maximum maturity of any instrument in the City's portfolio may not exceed two years from the date of acquisition by the City. In order to preserve liquidity and to lessen market risk, not more than 25% of the total portfolio may mature more than one year beyond the date of calculation. The maturity on non-negotiable time deposits may not exceed one year.

SAFEKEEPING AND CUSTODY

All investment securities purchased by the City of Brookhaven shall be delivered against payment and shall be held in a third-party safekeeping account by the trust department of a bank insured by the FDIC. The Chief Financial Officer, or designee, shall be responsible for the selection of a financial institution for this purpose, as well as the execution of a written safekeeping agreement with the trustee.

ETHICS AND CONFLICTS OF INTEREST

City employees involved in the investment process will refrain from personal business activity that would conflict with proper execution of the investment program, or which would impair their ability to make impartial investment decisions. Employees and investment officials will disclose to the Chief Financial Officer any material financial interests in financial

institutions that conduct business with the City, and they will further disclose any large personal financial/investment positions that would be related to the performance of the City's portfolio. Employees and investment officials will subordinate their personal investment transactions to those of the City particularly with regard to the time of purchases and sales.

PERFORMANCE EVALUATION

The Chief Financial Officer, or designee, will seek to achieve a market average rate of return on the City's portfolio. Given the special safety and liquidity needs of the City, the basis used to determine whether market yields are being achieved shall be the six-month Treasury Bill.

